EXHIBIT 156

To: Dean Rakesh Khurana
From: Erin Driver-Linn
Re: Harvard College Projects from the Office of Institutional Research
Date: May 30, 2014

Following up on our conversation in April, this memo highlights the Harvard College-related work the Office of Institutional Research has done since my tenure began in the office. This work is typically done at the request of President Faust or for particular leadership audiences at the College and FAS, such as for Dean Fitzsimmons. Below, we provide an overview of our work in three categories: Admissions and Financial Aid Policy, Student Achievement at Harvard College, and Student Outcomes at Harvard College. The materials for each project are included in the accompanying packet.

Admissions and Financial Aid Policy

The Office of Institutional Research has supported decision-making around admissions and financial aid at least since the introduction of the Affordability Initiative in 2007. Our office has conducted analysis, and prepared materials for internal discussion among leaders in Mass Hall and University Hall, as well as for presentation to the Corporation. On all of these policy questions, we collaborated closely with Dean Bill Fitzsimmons and Director of Financial Aid Sally Donahue to understand the climate and nuances of the data, but brought an external perspective to these questions around access and affordability. We have enclosed three sets of materials related to this work:

- Analysis for the Affordability Initiative
- The Elimination of Early Action
- Changes to Harvard's Financial Aid Policy (Memo and Exhibits)

We have also supported President Faust and our colleagues in Admissions and Financial Aid in their goals to articulate the narrative around access and affordability at the College for public audiences. This work includes a speech and presentation President Faust delivered to the Harvard College Fund Assembly in 2009, and an exhibit we put together more recently:

- Harvard's Continuing Tradition of Financial Aid
- A decade of Access and Affordability (an exhibit)

Over the past year we provided analysis for the Corporation's Finance Committee in regard to their discussions of the relationship between the College's Financial Aid policies and yield rates. This question continues to be of interest and is a project we will work on further over the summer and fall of 2014.

- Selected Slides: Yield rates by Income.

Memorandum

To: Members of the Corporation
From: Clayton Spencer and the Office of Institutional Research
Re: Changes to Harvard College's Financial Aid Policy
Date: July 13, 2011

OVERVIEW AND GOALS OF THIS DISCUSSION

The Problem. Harvard's enhancements to undergraduate financial aid over the past seven years, combined with the economic crisis and its impact both on Harvard's financial capacity and families' ability to pay, have created significant pressure on FAS finances, and particularly on unrestricted revenues. The financial aid budget has increased from $105.7 million in FY08, to $136.5 million in FY09, to $145.5 million in FY10, to an estimated $156 million in FY11. Furthermore, whereas 63% of financial aid was funded through endowment in FY07, that portion is only 46% currently and 49% is now funded through unrestricted funds.[1]

Under the circumstances, President Faust and Dean Smith asked us take a close look at financial aid expenditures over the past five to ten years to determine whether there are ways in which we might modify our policy or practice -- consistent with our fundamental commitment to access and affordability -- in order to reset the baseline from which financial expenditures will continue to grow and improve the program's long-term sustainability.[2]

Possible Solutions. The accompanying slides present a detailed analysis of the kinds of "levers" we could use, in various combinations, to adjust the financial aid budget going forward. Broadly speaking, they divide into two categories:

- **"Tightening up" of expenditures without public changes in policy.** There are measures we could adopt to achieve savings without changing the signature elements of our public approach to financial aid. They include increasing contributions from student summer and term-time work, increasing the amounts we ask from families with assets above $100,000, and increasing the amounts we ask of families with incomes above $180,000, which is the top boundary of our public affordability initiative (which asks families with incomes up to $180,000 and typical assets to contribute on average 10% of their income). These measures would achieve estimated savings of $2.8 million in FY13, and cumulative savings of $22 million between FY13 and 16, holding other factors constant.

- **Changes to our public boundary.** In addition to the measures noted above, we could achieve additional savings by lowering the top boundary of our affordability initiative to $150,000, asking families above that mark to pay gradually increasing amounts of income. This approach would bring our financial aid program more in line with peers and permit us to gradually increase the amounts we ask of families at higher income levels so as to avoid a sharp "cliff" at $180,000. These changes would achieve estimated savings of $3.7 million in FY13 and cumulative savings of $31 million

[1] The remaining 5% is funded through gifts and sponsored funds.
[2] This effort has involved collaboration among the President's Office, Institutional Research, the FAS Dean, the Dean of the College, the FAS financial team, and the Harvard College Office of Admissions and Financial Aid.

between FY13 and 16, holding other factors constant. After FY16 the annual savings from lowering the top boundary from $180,000 to $150,000 is approximately $3.5 million per year.

If we decide to reduce aid to families at the upper income levels, it may be prudent to make such a change in the context of "rebalancing" aid from upper-middle income families to lower income families by increasing the income threshold for "zero contribution" from $60,000 to $65,000. To do so would cost $560K once fully phased in.[3]

Mike and Drew have decided that the non-public tightening measures are sensible under any circumstances, and our financial aid office is preparing to implement them.

Questions to Consider. The larger question of whether to make a public change to our affordability initiative -- lowering the upper boundary from $180,000 to $150,000 -- requires us to consider competing values. All things being equal, we would want to capture the additional $3.5 million in annual savings which are structural and accumulate over time, and therefore have a meaningful impact on FAS finances. This decision, however, has important non-financial dimensions as well. With that in mind, we hope that our discussion at the retreat will address the following questions:

- Which approach to savings best achieves financial sustainability for Harvard while ensuring a reasonable contribution from students and families?
- If we decide we wish to change our public program how do we do so in a way that preserves our position as a leader in access, affordability, and excellence? What should our press release look like (see attached draft) and how do we calibrate the public relations impact?
- What are the implications of public decisions about financial aid for the upcoming campaign, in which financial aid will be an important goal?
- How do the proposed changes interact with the large, structural factors that drive the financial aid budget -- principally, income composition of the class and annual increases in cost of attendance?

A Note about the Dimensions of this Decision. Because of the underlying cost and price structure of elite higher education, financial aid is, and will remain, a significant structural expense for Harvard, no matter what modifications we may decide to make to our current financial aid policy. Given that we charge over $50,000 per student per year (and that covers only about 60% of the actual cost to us of educating our undergraduates), and only 4% of American families have incomes above $200,000 (where it is possible to imagine they are paying full price), drawing from a broad and representative talent pool is very costly.

Currently, over sixty percent of our students receive financial aid, and the average grant is $40,000. For FY12 we expect to spend $166 million on undergraduate financial aid, and for FY13, that number will be above $170 million, even if we adopt the most aggressive menu of changes, private and public, outlined in this memorandum and attached materials. As the enclosed charts showing cost of attendance, financial aid, and net revenues demonstrate, the proposed changes in some sense constitute mere "tinkering" at the margins of a supremely expensive business model.

[3] This was the approach taken by Yale in February 2011 when it announced a roll-back in aid to families above $130,000. With a fairly trivial adjustment, it permits us to describe the proposed change as a "rebalancing" of our aid program rather than a reduction.

TIMING AND OTHER DETAILS TO UNDERSTAND ABOUT THIS DECISION

We have already been tightening up financial aid. We began looking at ways to control financial aid expenditures as soon as the financial crisis hit, and this past year saved $2 million relative to baseline budget projections through case-by-case tightening up by the financial aid office.

Timing: We are required to post a "Net Price Calculator." As part of the "Higher Education Opportunity Act" of 2008, Congress enacted a provision specifying that any institution that participates in federal student aid programs is required to post a "net price calculator" on its website so that prospective students and their families can enter information about their individual circumstances to figure out what they will be expected to pay, net of financial aid, at any given college. Colleges are required to post this information by October 29, 2011, but as a practical matter Harvard needs to post its calculator by mid-August (one month from now) to coincide with the early action recruiting of the next incoming class.

Thus, even if we weren't contemplating changes to our financial aid policy, there is an upcoming "public moment" when the details of how we assess need will become visible and easily accessible to the public and press (including enterprising reporters who will doubtless "play with" the calculators of different institutions to compare price in a way that has not been quite so possible in the past). Conversely, if we do intend to make changes in our financial aid policy at any point over the next several years, it would seem prudent to make these changes now so that the calculator we put up in August will be accurate for the foreseeable future.

The Question of Phasing. Whatever changes we plan to make to family contributions -- including lowering asset protection or increasing family contributions above $180,000 or above $150,000 -- will be phased in on a class-by-class basis beginning with next year's incoming freshmen, meaning that full savings will not be realized until FY16. Returning students will continue to be governed by existing policies. The concern is that to change the policy for returning students and families might be read as a "bait and switch" for students who made the decision to attend Harvard on a given set of assumptions.

By contrast, the proposed increases in student contributions will be implemented beginning in FY13 and will affect students in all classes, as it is a well-established practice to adjust expected amounts in student contributions in manageable amounts from year to year.

SOME CONTEXT AND HISTORY

The Theory Behind Need-based Aid. Harvard College has long been one of the handful of elite institutions that have:

- Need-blind admissions -- students are admitted without regard to their financial circumstances;
- Only need-based aid -- we offer no merit or athletic scholarships; and
- A promise to meet the "full need" of all admitted students, as defined by our financial aid policies based on close scrutiny of individual family circumstances.

These policies are grounded in the belief that education is an important engine of opportunity and that it is part of our "social contract" as a leading charitable institution to educate the leaders of the next generation, wherever we may find them, not simply the privileged offspring of the previous generation. These policies also rest on the conviction that "opportunity" and "excellence" do not stand in

opposition, but rather are inextricably bound up together. The theory is that we will have stronger students if we draw them from a broad talent pool, and the education we provide to all students is enriched by a diversity of background and outlook in our student body. A vivid example of this principle is the GI Bill, which made elite higher education broadly accessible for the first time. Though some, like legendary University of Chicago President Robert Hutchins, warned that "It will create a hobo's jungle," the GI Bill stands as a remarkable success story, making elite institutions more selective and excellent by opening them up to a broader public.

Harvard's commitment to financial aid is not a recent "politically-correct" idea, but a long-standing part of our identity. Harvard's financial aid policies evolved from its founding through Eliot and Conant onward as the necessary underpinning to an emerging notion of "meritocracy." Of particular note is the "National Scholarship" plan set up in 1934, created by Conant "for the purpose of making it possible for students of exceptional ability and promise to obtain a college education regardless of the financial status of their families and also to serve as a form of recognition or prize for outstanding achievement regardless of financial need."

RECENT DEVELOPMENTS: HARVARD'S LEADERSHIP STANCE ON FINANCIAL AID

Beginning in 2004, Harvard adopted a deliberate strategy of carving out a leadership position on access and affordability, in contrast to our approach in the 1990's through the advent of Princeton's "no loan" policy in 2001, when we had chosen to define ourselves simply as a competitive player among key peers. Our recent initiatives not only enhanced the *amount* of financial aid we offer our students, but also changed the *nature of the discussion*, moving away from the esoteric language of "need-blind admissions" and "need-based aid," which was not broadly understood, and adopting a simple, "bright-line" policy tying price to income. Materials reflecting these changes are enclosed. Highlights include:

The Harvard Financial Aid Initiative ("HFAI," 2004). In 2004, we introduced the Harvard Financial Aid Initiative, aimed at the lowest end of the economic spectrum. This initiative eliminated the parent contribution for families with incomes below $40,000 and significantly reduced the parent contribution for families with incomes from $40,000 to $60,000. In 2006, the income limits were extended to $60,000 and $80,000, respectively. Harvard had been providing similar, generous levels of support prior to the program. In its first year, HFAI cost slightly over $2 million.

The Affordability Initiative (2007). In 2007, we extended the income-based approach across a broader spectrum of income and significantly reduced the amount families would be expected to pay at income levels up to $180,000. This initiative came in response to our concern that families in Harvard's "middle income" range were being asked to pay too much on an annual basis. These concerns were borne out by interactions between these families and our financial aid office and by weaker "yield" numbers among admitted students from these income groups.

Under the new policy, families making between $120,000 and $180,000 with typical assets would pay on average 10% of their income for a child at Harvard, and families with incomes between $60,000 and $120,000 would pay on a sliding scale from 0-10%. Families with income below $60,000 would continue to have no contribution.

The Affordability Initiative represented a substantive shift in the structure of financial aid. Our initial estimates put the cost of the initiative at $14 million for the first year (FY09). But the economic crisis occurred at the same time, meaning that the College experienced a 13% increase in new grant aided

students (as compared to the 2% expected annual increase), and this increased costs by an additional $7 million. Additionally, families above $180,000, alerted to the new initiative, were much more likely to apply for aid, causing increases in our aid expenditures at the upper end. Thus, as noted, we went from financial aid expenditures of $105.7 million in FY08, to $136.5 million in FY09, to $145.5 million in FY10, to an estimated $156 million in FY11.

Peer response to our initiatives. The expansion of HFAI and the announcement the Affordability Initiative triggered a series of similar moves by peer institutions, mostly aimed at low and lower-middle income families. Many schools adopted the "bright-line" language and approach, eliminating or reducing the parent contribution. Many also eliminated loans. Only Yale officially followed suit for middle and upper-middle income families. In 2008 it extended the "10% rule" to families with incomes of $200,000, trumping our limit of $180,000. Stanford, Princeton and others, while not announcing a formal policy change at the higher income levels, continue to compete aggressively for those students with individual packages that often match ours.

Yale pulls back. This past February (2011), Yale announced a "redistribution" of its aid, increasing support for low income families (eliminated parent contributions below $65,000 rather than $60,000) and decreasing support for families with incomes above $130,000 (parent contributions would increase from 10% of income to 12-15% of income). Yale emphasized in its press release that even after these changes, their total financial aid expenditures would increase $9 million from FY11 to FY12.

Press, public, and parental response to our initiatives. A selection of enclosed articles and editorials provides a sense of the broad attention and largely positive coverage Harvard's initiatives received. The "bright-line" approach clearly resonated, drawing the headline in the initial New York Times story, "Harvard Says Poor Parents Won't Have to Pay." A 2007 article, also in the New York Times, noted that Harvard's affordability initiative was "part of a broader trend" to "alleviate the financial burden of college" among elite institutions and placed Harvard as the most generous to middle and upper middle class families. Less positive were the occasional editorials suggesting that our affordability initiatives were diverting resources from the neediest students and putting pressure on less well-endowed institutions. *See enclosed press clippings.*

Not surprisingly, Harvard students, parents, and aspirants love the new policies:

- One student wrote in the Freshmen Survey: "The best aspect of my freshman year was my financial aid... it was wonderful to be able to attend classes and pursue my life here without the constant burden of finances and tuition hanging over my head."

- A parent of a freshman in 2008 wrote: "I was not then aware that these initiatives existed, and it was a relief to find out that the idea of attending Harvard should not be dismissed out of hand...Quite often [people] wonder if my son feels out of place among the privileged, possibly spoiled students of an elite upper class. I try to explain that it is much more common for him to feel united by a common love of seeking, striving, and achieving."

- One parent of prospective applicants wrote: "As a father of four children and head of a middle class family, I appreciate the implications of your decision. Whether my kids will prove to be Harvard-quality students remains to be seen, but to know that I would at least have the opportunity to consider attending Harvard for any of them—that's worth a lot!"

DETAILED CONSIDERATION OF PROPOSED CHANGES

The paragraphs that follow provide a detailed analysis of the proposed changes to current policy to assist as you read through the charts.

Non-public Changes to the Policy

Adopt Institutional Methodology above $180,000. We have been concerned since the introduction of the Affordability Initiative with the growth in the aided populations with incomes above $180,000. A simple solution is to reintroduce Institutional Methodology ("IM") -- the parent contribution calculation used by most of Harvard's peers and previously used by Harvard -- for aided families with the highest incomes. Using IM would reduce aid packages at the highest income levels and would be simple for the financial aid staff to implement.

If we adopt IM above $180,000, we have the question of whether we would "feather" in the increase – e.g. gradually moving from Harvard methodology to IM between $180,000 and $210,000 -- or would jump immediately to IM at incomes of $180,000. A feathering approach would increase the parent contribution from income by 1% of income over current rates for families with incomes between $180,000 and $210,000 and increase the parent contribution for families with incomes above $210,000 to the IM level. Because the financial aid calculator will make needs calculations public, it is important to develop a strategy to avoid obvious "cliffs" between the expected contributions at different income levels regardless of the starting point we choose.

Lower asset protection to $100,000. In determining family contribution, Harvard excludes retirement savings and home equity from consideration. Under current policy, Harvard protects $200,000 in other assets in line with peers and Institutional Methodology. Above that amount, Harvard typically asks families to contribute 5%. At this point, all institutions are looking more closely at assets and increasing the parent contribution from assets in order to reduce costs. We intend to reduce our asset protection from $200,000 to $100,000 for all families with incomes above $60,000.

Increase the student contribution from summer and term-time earnings. During the economic crisis, the College was committed to maintaining a relatively low student contribution. At the same time, many of our peers initially kept student contributions low but quickly began increasing contributions to save money. We plan to make minimal changes in the student contribution -- just $100 to the term-time work expectation and $500 to the first year summer savings expectation -- which will result in almost $1 million in net revenues for FAS each year. There is concern that this will increase the burden on students or will simply transfer the cost from financial aid to departments who employ students during the semester or in the summer. We will monitor the impact of this change to determine whether additional changes can be absorbed or whether the burden is too high.

Public Change to the Policy

Lower upper boundary of 10% rule from $180,000 to $150,000. This policy would increase the parent contribution from income from 10% to 12-14% for families with incomes between $150,000 and $180,000 and increase the parent contribution for families with incomes above $180,000 to the IM parent contribution. It would represent a public change to our affordability initiative.

Expand HFAI to include families with incomes up to $65,000. This policy would eliminate the parent contribution for families with incomes below $65,000, up from $60,000. It would represent a further expansion of HFAI and would cost about $560,000 in FY16.

Factors to Consider in deciding between $180,000 and $150,000.

In considering these two options, you may wish to consider the following factors.

- Reasonable levels of family contribution;
- The savings achieved;
- The effect on recruiting talent;
- How the policy would look through the calculator;
- Impact on campaign fundraising; and
- Public impact and press strategy.

Reasonable levels of family contribution. As a substantive matter, it seems reasonable to ask parents with incomes of $150,000 and above to pay slightly more than the current ten percent of income. The price of $17,000 per year feels like a bargain for a family at $170,000, and our comparative analysis of peer calculators (only Princeton and Stanford are currently available) suggests that we ask less from families than our competitors in those income levels. Furthermore, our yield rate is the highest between $150,000 and $180,000, suggesting that our financial aid may be experienced by students as exceptionally generous. On the other hand, such a family is already paying substantially more if it has "non-typical" assets.[4]

Savings. Feathering from $150,000 increases the parent contributions for more families, leading to greater savings than feathering from $180,000. Once fully implemented, feathering above $150,000 would result in changed parent contributions for about 25% of aided families. The estimated savings in the first year would be $3.7 million compared with $2.8 million with feathering above $180,000. Over four years, the savings accumulate, to a total of $31 million with feathering above $150,000, compared with $22 million with feathering above $180,000. Once fully phased in, the annual savings from current projections are estimated at $11.9 million, as compared with $8.4 million if we only modify above $180,000. This results in an estimated $3.5 million annual difference between a change in parent contributions for families with incomes above $150,000 versus families with incomes above $180,000. If we also eliminated the parent contribution up to $65,000 while increasing parent contributions above $150,000, savings would still be almost $3 million more than an increase in parent contribution above $180,000.

It is worth noting, however, that these are estimates, and it is likely that the savings are overestimated. More families than currently may push back during the appeals process asking for additional aid. Families in these income categories are savvy and tend to understand financial aid better than their counterparts in lower income groups. Similarly, we may face increased competition for these students from peer institutions sensing an opportunity. Although our calculator estimates suggest that we have been more generous than peers in recent years, a public announcement of a change in our policy may cause peers to focus in on this highly desirable group of students with increased financial aid offers to overlapping admits.

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[4] As noted, to date we have defined "typical assets" as $200,000 and taken 5% of assets above that level, but we will be reducing the asset protection to $100,000 for the next incoming class.

Effect on recruitment. It is worth noting that both academic and athletic preparation are positively correlated with income. Thus, while many varsity recruited athletes do not apply for aid, those who do are typically in the upper income bands (above $180,000). Likewise, while many of our most academically prepared students (those students who receive the top admissions academic rating of "1" or "2") do not apply for aid, when we look across the aided population, we see that a larger share of students from incomes between $150,000 to $200,000 attain ratings as academic "1s" or "2s" than do those in lower income bands (although it is worth noting that this is a relatively small group compared to the absolute number of academic "1s" and "2s" who are low income or not on financial aid). As mentioned earlier, the Affordability Initiative improved yields for students in these income ranges. We may find that increasing the parent contribution using either strategy will have an effect on yield. However, the reintroduction of early action may somewhat mitigate that effect.

The Impact of the Calculator. The financial aid or net price calculator poses a challenge for all institutions. It is meant to provide greater clarity to families regarding the costs of sending their child to a particular college. In order to encourage students to apply, the calculator needs to be specific enough in the information it asks for to provide families with accurate calculations. On the other hand, asking for too much information may deter a student or family from using the calculator or applying at all.

Harvard's approach to the calculator is to make it as simple as possible in keeping with our "bright line" approach to financial aid. After an appropriate disclaimer about the intention of the calculator, it requires only a few pieces of information to provide a policy-based estimate of a family's net price. The simplicity will allow families to make minor changes ($5,000) to their income and assets and easily see the impact on their net price. We imagine that families and others, including general members of the public and the media, will test the calculator's boundaries.

Impact on Campaign Fundraising. UDO and FAS fundraisers have noted in recent years that some alumni have commented that they feel the current policy is overly generous to families in the higher income ranges. On the other hand, to others, pulling back on financial aid could stand as a visible qualification of our narrative about access and affordability, placing an asterisk alongside one of Harvard's most compelling storylines. In fact we have no real data with respect to broadly held donor opinion. There are doubtless those who would be more likely to support an industry-leading commitment upheld even in the face of the financial crisis than a set of policies we are adjusting. There are also those who feel we've been too generous, and those who would see the optimal solution as one that sustains a robust financial aid program but also responds to fiscal realities with respect to trade-offs and sustainability.

Public Impact and Press Strategy. As noted, whether or not we decide to make a public change to the income ceiling, we will have a "public moment" with respect to financial aid policy when we put up the calculator in August. We and all of our peers are on the same admissions cycle, so it is likely that we will see various calculators going up over the next six weeks. (As noted, Princeton and Stanford already have calculators. Yale had one, but pulled it down.) It is also likely that interested press will spend some time exploring the differences in both mechanics and net price. Coverage of recent Department of Education lists, despite flawed methodology, reinforces press interest in the cost issue, and there has been a growing interest in popular media about the "value" of a four year residential college experience relative to the cost.

Under the circumstances, it seems reasonable to tie any announcement about public changes in our policy to the launch of the calculator, not least because the website of the Office of Financial Aid links to

various earlier press releases concerning our programs, and those links will need to be changed. Because any such announcement is not something we want to trumpet, it seems that we should adopt a low-key approach, perhaps coupling the announcement about financial aid with other, unrelated items. We will also want to make sure, as we did with the early action announcement, that the change to one specific aspect of our policy does not represent a retreat from our fundamental commitment to access and affordability. Emphasizing that our financial aid spending will continue to increase year to year, and communicating this announcement as a rebalancing in which Harvard expands aid for families with incomes up to $65,000, may signal our commitment.[5] Regardless of the changes we make, Harvard will still be providing incredibly generous aid, spending over $165 million in FY12 and over $170 million in FY13. The average grant in FY13 will be more than $41,000, regardless of the policy changes we make.

Attached, to assist in decision-making, is a draft press release announcing a change in policy that could stand alone, or be folded in to another communication, as noted above.

We look forward to a full discussion next week.

[5] In calibrating press and public reaction, it is interesting to note that Yale experienced little negative press when they retreated on their affordability initiative. As noted, they did so in the context of increasing aid to families at the low end of the spectrum, moving the "zero contribution" limit from $60,000 to $65,000.

DRAFT PRESS RELEASE

Harvard College Launches Financial Aid Calculator for Applicants and Families and Increases Financial Aid Commitment

Effective today, Harvard College will launch a "net price calculator" on its financial aid website, customizing financial aid information for individual students and their families. With the new calculator, applicants and their families may go to the website and enter their financial data to calculate the approximate net price they will be expected to pay for a year at Harvard. The "net price calculator" is the latest step in Harvard's efforts to make its generous financial aid program transparent and easy to understand, while also fulfilling requirements under the Higher Education Opportunity Act of 2008.

Harvard will also expand its commitment to financial aid and rebalance aspects of its financial aid program to enhance support for the neediest group of students. It will increase its total financial aid spending from the current $156 million to an anticipated $166 million next year. Harvard will also expand eligibility for the program inaugurated in 2004, which provides that families of students with incomes below $60,000 pay zero. It will raise the income ceiling to $65,000 beginning with the next entering class to make clear to talented students from all economic backgrounds that Harvard is a realistic and affordable option. These measures ensure that Harvard will continue to have among the most generous financial aid policies in higher education. Currently, over sixty percent of Harvard College students receive financial aid, and the average grant for this year is $40,000.

"Access and affordability, enabled by generous financial aid, are fundamental to Harvard's identity and excellence," said Harvard President Drew Faust. "We admit students without regard to their financial need, and we make sure that they are given the means to attend and take full advantage of the Harvard College experience. This is a bedrock commitment and it will not change."

While expanding aid for the neediest students, beginning with the class entering in the Fall of 2012, Harvard will ask families with incomes between $150,000 and $180,000 to pay slightly more than the 10 percent of income now charged to families in those ranges with typical assets. This modest change will ensure that Harvard is able, over time, to address increases in the demand for aid across the income spectrum due to ongoing challenges in the U.S. and global economies. Current students will continue to be governed by existing policies – this change will apply only to new students entering Harvard College beginning in the Fall of 2012.

"We will continue to evaluate every student's financial need on an individual basis," said William R. Fitzsimmons, Harvard College Dean of Admissions and Financial Aid. "We do not consider home equity or retirement assets in calculating aid at any income level, and we work with every student and family to develop a workable financial package. Our commitment to individualized attention and strong financial support will ensure that this modest change in policy is implemented smoothly and fairly with sensitivity to every student's needs."

Students from families with incomes between $65,000 and $120,000 will pay on a sliding scale from 0 to 10% of income, and students from families with incomes between $120,000 and $150,000 and typical assets will pay on average 10% of income.

Harvard College Financial Aid:
Overview and Context

[redacted]

Harvard's recent initiatives in admissions and financial aid

Overview: Harvard undertook policy changes between 2004 and 2007 to expand affordability and access for Harvard students and to provide leadership to expand affordability and access more generally.

Spring 2004 | Fall 2004 | Spring 2005 | Fall 2005 | Spring 2006 | Fall 2006 | Spring 2007 | Fall 2007

Harvard Financial Aid Initiative (HFAI) Launched

- Bright-line approach to raise awareness in non-college families
- Move from intramural, individual financing model to public policy approach
- < $40K - $0 parental contribution (PC), $40K-$60K - reduced PC
- Fall 2004 first entering class, also in effect for returning students

HFAI expanded

- Increase income limits to expand commitment to access
- < $60K - $0PC, $60-$80K - reduced PC
- Fall 2006 first entering class, also in effect for returning students

Eliminated Early Action

- Level the playing field in admissions
- Early action advantages already advantaged students from more sophisticated backgrounds and better resourced high schools
- Permits more intensive recruiting in the fall and places all students in one pool for consideration
- Begun in Fall 2008

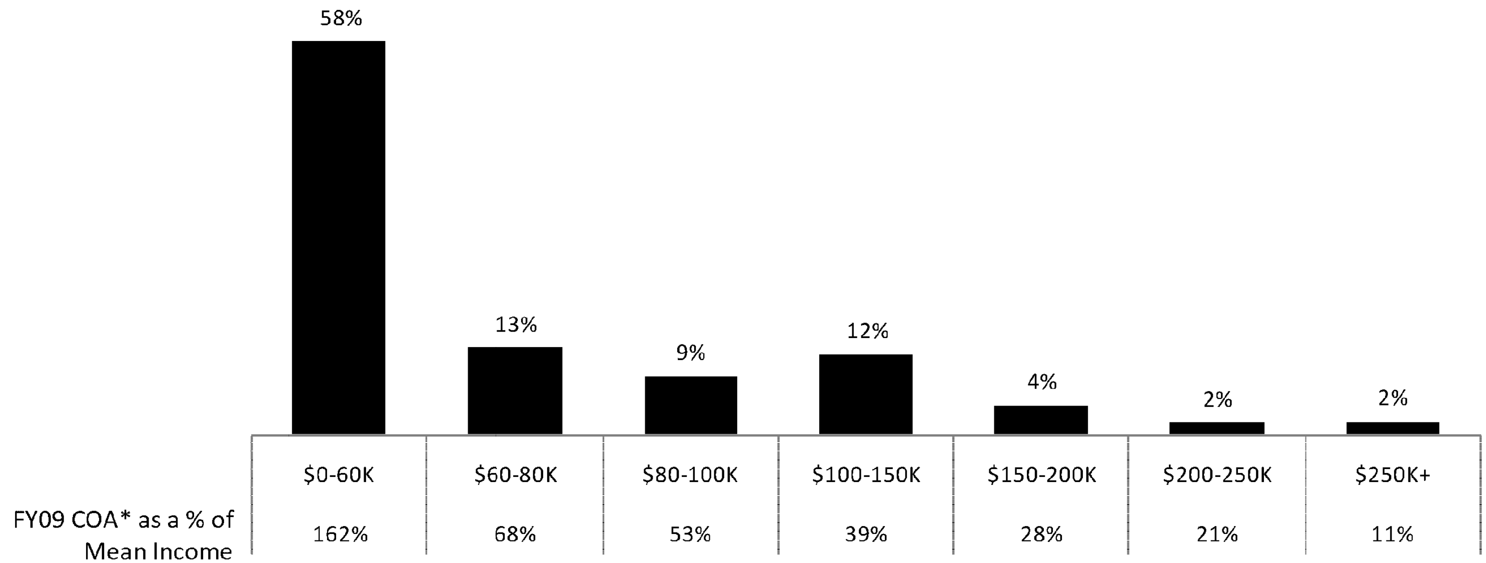
Affordability Initiative

- Reduce the financial burden on families and increase affordability
- $120K-$180K w/ typical assets - pay no more than 10% of income
- Below $120K - pay % declines steadily from 10% until $60K ($0PC)
- Student loans eliminated from packages
- Home equity no longer used in calculation
- Implemented for all students in AY2008-2009

Income distribution of US households

Distribution of US Households by Household Income, 2009

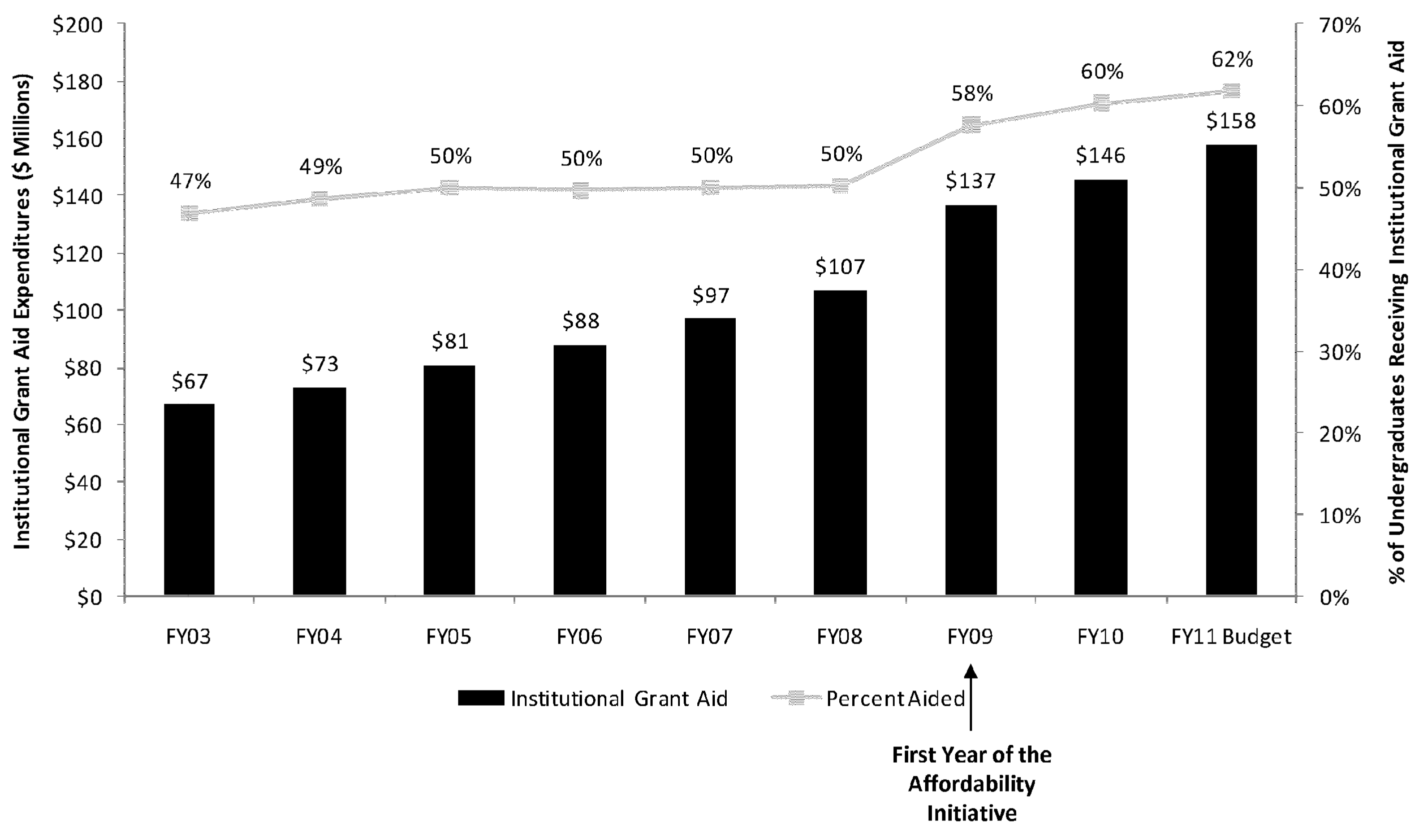
100% = 117 million households



*Cost of attendance includes tuition, fees, room and board.
Source: U.S. Census Bureau, Current Population Survey, 2010 Annual Social and Economic Supplement.

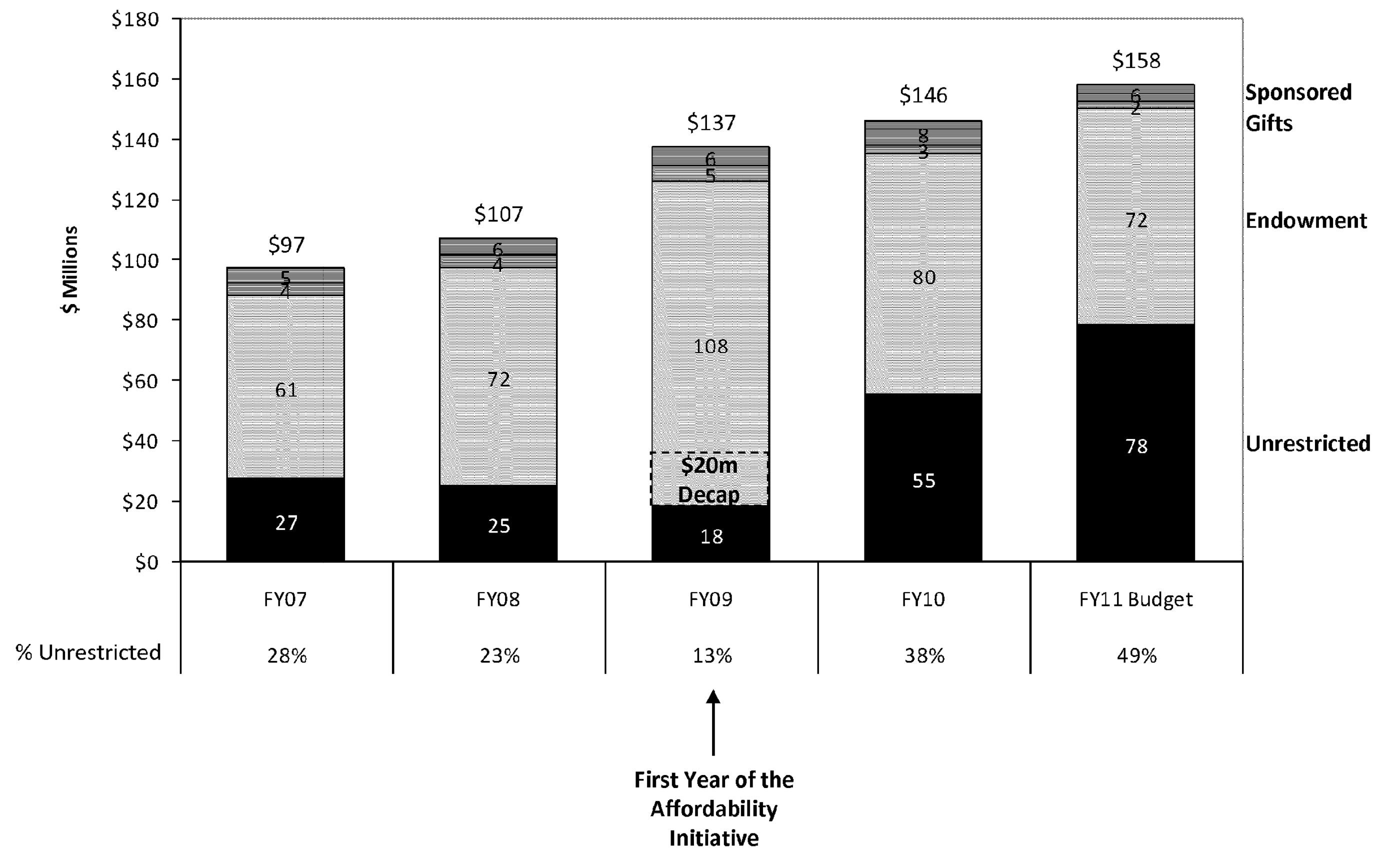
Trends in institutional grant aid expenditures and the percent receiving aid

Institutional Grant Aid Expenditures and Percent of Harvard College Undergraduates Receiving Institutional Grant Aid, FY03-FY11



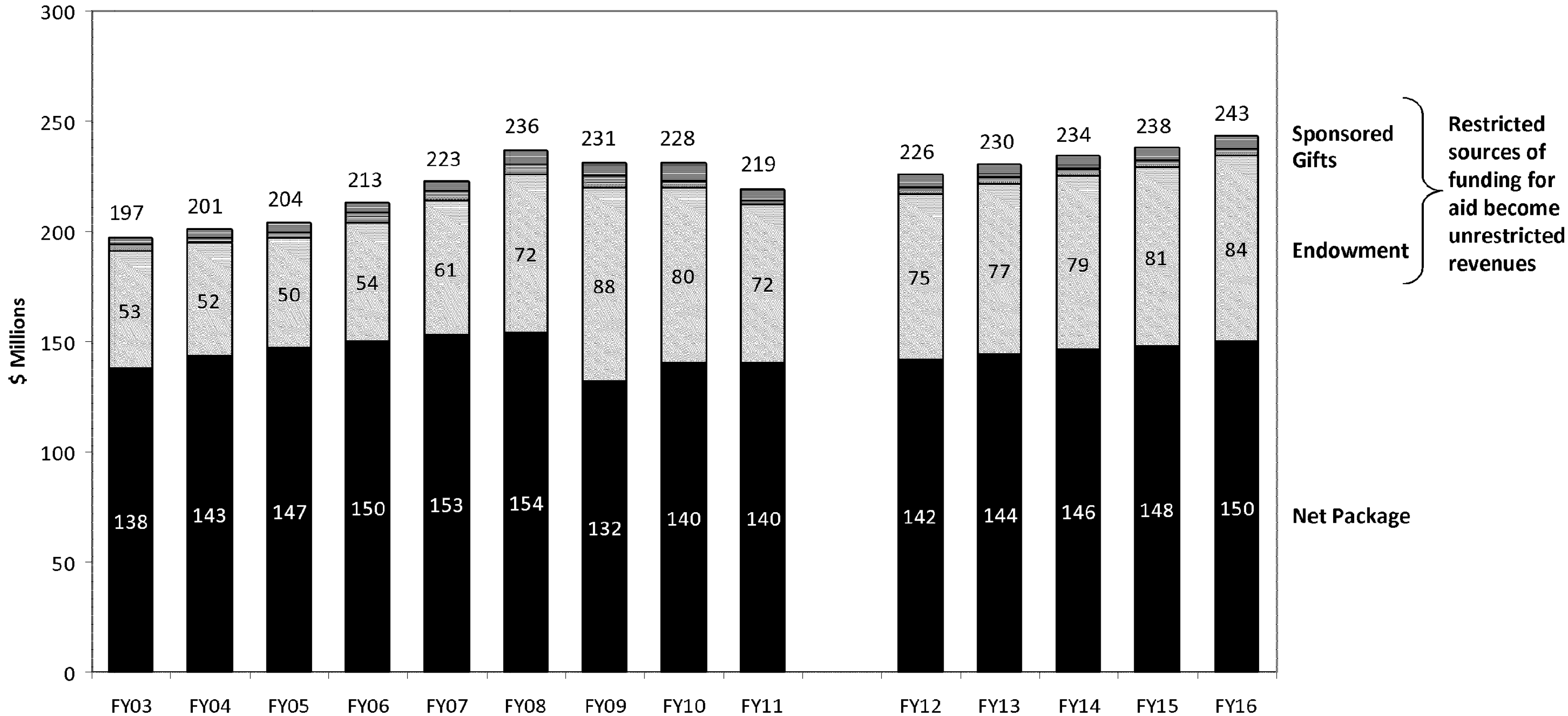
Sources of funding for undergraduate aid

FAS Distribution of Funding Sources for Undergraduate Financial Aid, FY07 to FY11 Budget



Change in net revenues over time

Net Revenues from the Undergraduate Package, FY03 to FY11 and Projections from FY12 to FY16[1]



FAS Revenues	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
All Operating ($M)	$748	$755	$797	$878	$943	$1,017	$1,126	$1,096	$1,053
Net Package as % of Operating	18%	19%	18%	17%	16%	15%	12%	13%	13%

1. Projection Assumptions: 3.8% COA growth and 26 additional students on aid annually. Endowment +3% annually.